GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5099
ANSWERED ON:11.05.2007
SERVICE CHARGES BY BANK FROM CUSTOMERS
Chaudhary Shri Pankaj

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that many banks are charging huge amount from customers in the name of service charges which is causing inconvenience to the; customers;

(b) if so, the details thereof,

(c) whether the Reserve B ink of India (RBI) has issued directions to banks regarding fixation of proper charges for all basic services and for1 this it is necessary that these basic services may not be included in any other services; arid

(d) if so, the details thereol?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : Reserve Bank of India (RBI) has reported that no such instance has come to their notice. With effect from September, 1999,, banks have been allowed to fix service charges for various type of services tendered by them, with the approval of their Board of Directors.

(c) & (d) : Yes, Sir. In order to ensure fair practices in banking services, RBI had constituted a Working Group to formulate a scheme for ensuring reasonableness of bank charges and to incorporate the same in the Fair Practices Code, the compliance of which would be monitored by the Banking Codes ;md Standards Board of India (BCSBI). The recommendations of the Working Group have been examined and accepted by RBI with certain modifications. Accordingly RBI -vide its circular dated February 2, 2007., has issued directions to all commercial scheduled bsraks (excluding RRBs) to, inter-alia:-

(i) identify the basic hanking services on the basis of broad parameters indicated by the Working Group.

(ii) make available the bask; banking services at reasonable prices/charges and towards this delivering the basic; services outside the scope of the bundled products.

(iii) ensure that customers are made aware of the sendee: charges upffrmt and changes in the service charges are implemented only with the prior notice to the customers.